

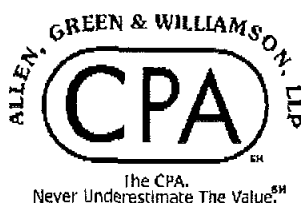
HOUSING AUTHORITY OF THE
TOWN OF DELHI
Delhi, Louisiana

Basic Financial Statements
With Independent Accountant's Compilation Report
As of and for the Year Ended December 31, 2013

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

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Independent Accountant's Compilation Report

Board of Commissioners
Housing Authority of the
Town of Delhi
Delhi, Louisiana

We have compiled the accompanying statement of net position of the Housing Authority of the Town of Delhi as of December 31, 2013 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the accompanying supplementary information as identified in the table of contents, which is presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements or supplementary schedules.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Housing Authority of the Town of Delhi is a special purpose government engaged in enterprise fund operations only. In accordance with Government Accounting Standard Board Statement No. 34, the Housing Authority is not required to present government wide financial statements.

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 9, 2014

**HOUSING AUTHORITY FO THE TOWN OF DELHI
ENTERPRISE FUNDS**

**Statement of Net Position
December 31, 2013**

Statement A

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 46,932
Accounts Receivable	1,038
Prepaid items	<u>534</u>
Total current assets	<u>48,504</u>

CAPITAL ASSETS

Property, plant and equipment (net of accumulated depreciation)	<u>-</u>
Total noncurrent assets	<u>-</u>

TOTAL ASSETS

48,504

LIABILITIES

CURRENT LIABILITIES

Accounts payable	2
Payroll taxes payable	739
Unearned Revenue	<u>587</u>
Total current liabilities	<u>1,328</u>

TOTAL LIABILITIES

1,328

NET POSITION

Restricted for HAP	-
Unrestricted	<u>47,176</u>
TOTAL NET POSITION	<u><u>\$ 47,176</u></u>

**HOUSING AUTHORITY OF THE TOWN OF DELHI
ENTERPRISE FUNDS**

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2013**

Statement B

OPERATING REVENUES	
Federal grants - operating	\$ 104,805
Other	<u>2,328</u>
Total operating revenues	<u>107,133</u>
OPERATING EXPENSES	
Administration	25,247
General expenses	1,248
Housing assistance payments	<u>97,742</u>
Total operating expenses	<u>124,237</u>
Operating income (loss) from operations	<u>(17,104)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>19</u>
Total nonoperating revenues (expenses)	<u>19</u>
Changes in net position	(17,085)
NET POSITION AT BEGINNING OF YEAR	<u>64,261</u>
NET POSITION AT END OF YEAR	<u><u>\$ 47,176</u></u>

**HOUSING AUTHORITY OF THE TOWN OF DELHI
ENTERPRISE FUNDS**

**Statement of Cash Flows
For the Year Ended December 31, 2013**

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES

Federal grants	\$ 104,554
Other receipts	2,129
Payments to vendors	(10,054)
Payments to employees	(14,928)
Payments to private landlords	<u>(97,742)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (16,041)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	<u>19</u>
------------------------	-----------

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES 19

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (16,022)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 62,954

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 46,932

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss) \$ (17,104)

Adjustments to reconcile operating income to net cash
provided (used) by operating activities:

Changes in assets and liabilities

(Increase) decrease receivables net	(1,038)
(Increase) decrease prepaid items	1,162
Increase (decrease) accounts payable	(8)
Increase (decrease) payroll taxes payable	360
Increase (decrease) unearned revenues	<u>587</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ (16,041)

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

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HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Housing Authority of the Town of Delhi (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* was issued in June 1999. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing and analysis of the Assessor’s overall financial position and results of operations;

The accompanying financial statements of the Delhi Housing Authority are not presented in conformity with GASB Statement No. 34. A Management Discussion and Analysis does not supplement the financial statements.

A. REPORTING ENTITY

Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Delhi, serve a staggered term of five years without benefit of compensation.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of allowing the Housing Authority to assist very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market.

The Housing Authority has the following units:

	Number of Units
Section 8	40

GASB Statements establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity. As defined by GASB Statements, fiscally independent means that the Housing Authority may, without approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statements define a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. The Housing Authority is a related organization of the Town of Delhi since the Town of

HOUSING AUTHORITY OF THE TOWN OF DELHI
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Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

Delhi appoints a voting majority of the Housing Authority's governing board. The Town of Delhi is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Delhi, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Delhi.

The Housing Authority includes all funds, activities, et cetera, that are within the oversight responsibility of the Housing Authority.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

B. FUNDS

The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus all assets and deferred inflows, and all liabilities and deferred outflows associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and providing goods in connection with a propriety funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are government grants. Operating expenses for propriety funds include the administrative costs of providing service and the housing assistance payments made on behalf of the residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

D. BUDGETS

General Budget Policies The following summarizes the budget activities of the Housing Authority during the year ended December 31, 2013:

The Housing Authority adopted a budget for its HUD-funded program. The budget is controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners. All appropriations lapse at year end and must be reappropriated for the following year to be expended. Formal budgetary integration is employed as a management device during the year.

Encumbrances Encumbrances are not recognized within the accounting records for budgetary control purposes.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

F. INVESTMENTS

Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Furniture and fixtures	5 to 7 years
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I. RESTRICTED NET POSITION

Net Position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used when an expense is incurred for purposes for which both restricted and unrestricted position is available.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

At December 31, 2013, the Housing Authority has demand deposits totaling \$46,932. Their deposits are stated at cost, which approximated fair value.

Custodial Credit Risk: Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2013, the Housing Authority's bank balance of deposits was \$46,782. The entire balance was covered by federal depository insurance (GASB Category 1) and pledged securities and are not subject to custodial credit risk.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

NOTE 3 – ACCOUNTS RECEIVABLE

As of December 31, 2013 the Housing Authority had the following accounts receivable:

HUD	\$ 838
Other	<u>200</u>
Total	<u><u>\$ 1,038</u></u>

The Housing Authority expects to receive the full balance; therefore, no allowance for doubtful accounts was recorded.

NOTE 4 - CAPITAL ASSETS

The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture and equipment	\$ 4,760	\$ -	\$ -	\$ 4,760
Total	<u>4,760</u>	<u>-</u>	<u>-</u>	<u>4,760</u>
Less: accumulated depreciation				
Furniture and equipment	4,760	-	-	4,760
Total	<u>4,760</u>	<u>-</u>	<u>-</u>	<u>4,760</u>
Capital assets, net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

HOUSING AUTHORITY OF THE TOWN OF DELHI
Delhi, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2013

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Contribution Disallowances The Housing Authority operates in accordance with the requirements of an Annual Contribution Contract. The Housing Authority's noncompliance with such contracts may result in a reduction of funding from HUD.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Litigation The Housing Authority is not presently involved in any litigation.

NOTE 6 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 - ECONOMIC DEPENDENCY

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$104,805 to the Housing Authority, which represents approximately 97.8% of the Housing Authority's total revenue for the year.

NOTE 8 - SUBSEQUENT EVENTS

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. The funding for the 2014 fiscal year ended is dependent upon the federal budget. HUD has stated the funding levels will increase to the following percentages: Section 8 housing assistance payments at 99% and Section 8 administrative fees to 74%. The 2013 funding levels for the Section 8 program were 94% in housing assistance payments and 69% in administrative fees.

Delhi Housing Authority plans to build up a small reserve, since they ended 2013 with nothing in their Restricted Net Position, and then start leasing up additional units.

Management has considered subsequent events through June 9, 2014.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF DELHI
Delhi, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2013

The members of the Board of Commissioners serve a staggered five-year term and receive no compensation for meeting attendance. The Board consists of the following members at December 31, 2013:

Rev. Danny Pearson

Marvin Dale Hamilton

Lynn Lewis

Marilyn Williams

W. B. Sumner

See independent accountant's compilation report